INWARD FOREIGN MAILS
From Europe by Suez Diomed, left Liverpool May 22, due Shanghai July 1
From U.S.A.....Pres. Grant, left Seattle June 19, due Shanghai July 6
OUTWARD FOREIGN MAILS
For Europe by Suez....Carthage, closes at 12 on July 6, due L'don Aug. 7
For U.S.A.....Pres. McKinley, closes at 21 on July 5, due Seattle July 21
For mails by Siberia and by air see page 8

NORTH-CHINA DAILY NEWS

Tsz-ling-se-pao-yu-han-kung-sze SHANGHAI, THURSDAY, JULY 1, 1937 字林西報有限公司

TO-DAY'S ENTERTAINMENTS

	Tel.		Tel.
Auditorium: Hai Alai, 8 p.m.	70099	Isis: Spain in Flames	46721
Capitol: Call It a Day	17100	Lafayette: Metropolitan	81200
Cathay: Make Way for Tomorrow	73757	Metropol: Escadrille	93322
Ciro's: Entertainment	34340	Nanking: Night Must Fall	84133
Del Monte: Entertainment	20825	Rialto: Sinner Take All	94110
Grand: Love is News	32223	Willies: The Big Game	43982
Hongkew: Fang and Claw	401?0		

FRENCH GOVERNMENT WIN PLENARY POWERS

Senate and Chamber Majorities Pass Financial Bill: Uproars Twice Suspend Deputies' Debate

M. LEON BLUM CREATES SENSATION

London and Washington Consent to Allow Franc Parity to Fall to 125 to £1: Huge Deficits Revealed

Paris, June 30.

FRANCE'S Government crisis is believed ended with the passage of the Government's Financial Plenary Powers Bill in the Chamber of Deputies and the Senate, late this evening, passed the measure by 167 to 82 votes.

The Senate's Finance Commission adopted the Bill by twenty votes to three. Among the twelve abstentions were M. Joseph M. Caillaux, president of the Commission, and M. Pierre Laval, former Premier. Earlier this afternoon, after debate was twice suspended by uproars, the Chamber of Deputies passed the Bill by 380 to 228 votes. M. Georges Bonnet, the Minister of Finance, just before the division, intimated that London and Washington assented to his proposal to allow the franc to drop to 125 to £1. The Chamber's Finance Commission had adopted the Bill unamended last night by seventeen votes to sixteen, five Communists and three Socialists abstaining.

M. Vincent Auriol, M. Bonnet's predecessor, explained in the lobby of the Chamber after the debate, that funds at the disposal of the Treasury stood at Frs. 2,459,000,000 when M. Blum's Plenary Powers Bill was tabled in the Chamber on June 15.

Funds were reduced to Frs. 1,400,000,000 when the Senate's vote on June 20 led to the fall of M. Blum's Cabinet. When M. Chautemp's Government was formed on June 23, there were Frs. 1,483,000,000 but immediately rumours of devaluation caused a mass flight of capital. This combined with the reimbursement of Treasury bonds reduced Treasury funds to a low level.

M. Bonnet is understood to have told the Chamber's Finance Commission yesterday that the Government wished to suppress the regulation in the monetary law pegging the franc to a lower limit than 43 milligrammes of gold, which would be inconvenient during pressure on the franc. This means the Government wishes to be able to devalue further if necessary. M. Bonnet indicated that Mr. Neville Chamberlain, the British Prime Minister, and Mr. Henry Morgenthau, the American Secretary of the Treasury, would make a statement on his point.

Enormous Gold Loss

M. Bonnet is also understood to have told the Committee that the gold outflow amounted to Frs. 2,500,000,000 from June 23 to June 28 and to Frs. 5,200,000,000 from June 1 to June 22.

The deficit in the ordinary budget, he said, was from Frs. 6,000,000,000 to Frs. 10,000,000,000 and in the extraordinary budget Frs. 8,500,000,000. Ready money at the disposal of the Government was only Frs. 20,000,000 and that it had demanded an advance of Frs. 400,000,000 to meet current expenditure.

The Government's Plenary Powers Bill consists of a single clause demanding authority to take, by decree, "all measures calculated to assure repression of attacks on State credit, to assure the fight against speculation and also to assure economic recovery and control of prices, the balancing of the Budget and the equilibrium of the Treasury and defence, without control of exchanges or the Bank of France's gold reserve."

The Chamber had met yesterday afternoon in an atmosphere of tense excitement and decided by 393 votes to 142, to postpone a debate on general policy and to discuss the Powers bill.

The Premier, M. Camille Chautemps, is expected to demand a decree adjourning Parliament.

Sensation in Senate

A sensation was created in the Senate yesterday when M. Leon Blum, vice-Premier without portfolio, declined to read the ministerial declaration on learning that the President of the Senate, M. Jules Geanneney, intended to make a statement which he (M. Blum) regarded as a public disavowal of his ministerial colleague, M. J. B. Lebas, for attacking the Senate in a speech at Roubaix on June 27. M. Blum returned to his home, and M. Albert Sarraut, read the ministerial declaration.

The Bourse, closed yesterday until a date to be named later by ministerial decree, will not re-open to-day.

Though M. Chautemps asked assent for allowing the franc to drop to 125 to £1, some circles believe the Government preferred 150 to £1. Symptomatic of confusion of reports on the Government's intentions, is that M. Bonnet is stated to have told the Chamber's Finance Committee that the three main planks of his reforms were an increase of Frs. 100 milliard in the limit of bank advances to the State, readjustment of taxes, and to allow the franc to find its own level.

M. Bonnet, in outlining his programme, emphasized that the Budget must be balanced and said the Treasury next year would need Frs. 30 milliards, thus necessitating new borrowings from the Bank of France and entailing modification of the existing monetary laws.

M. Bonnet declared he would maintain all social reforms already voted. —Reuter.

U.S. Treasury Keeping Close Watch on Paris

Washington Ready to Cope with Franc Reactions

SENATOR PITTMAN SAYS NO ACTION REQUIRED

Washington, June 29.

The Secretary of the Treasury, Mr. Henry Morgenthau, and the Chairman of the Federal Reserve Board, Mr. Marriner S. Eccles, were in close conference for a lengthy period this morning over the French monetary situation.

Officials of the Treasury Department are keeping a very close watch on developments but have declined to discuss the possible effects of the French plans.

Mr. Morgenthau later conferred with M. Van Zeeland, the Belgian Premier, and M. Jean Appert, Financial Attaché of the French Embassy. Prior to the conference M. Jean Appert disclosed to press representatives that France will still take part in the Tripartite Agreement and wishes to continue with the agreement.

In a statement to press representatives to-day, Senator Key Pittman, Democrat, Nevada, said that the temporary abandonment of the gold standard by France would improve the world monetary situation.

"I do not believe," he added, "that any action by Washington is necessary or desirable."—Reuter.

COMMONS STATEMENT ON FRANC CRISIS

Paris and London Maintain Contact Over Crisis

London, June 30.

Unbroken contact was maintained all day yesterday between the British and French Treasuries over the French financial situation.

The proposed financial measures of the French Government were explained to the House of Commons to-day by the Chancellor of the Exchequer, Sir John Simon.

"It is generally recognized," he said, "that the readjustment of the franc in September, 1936, was not entirely successful in re-establishing a lasting equilibrium between the economic system of France and those of the United States and Great Britain although such is the underlying objective of the tripartite agreement.

"I understand that the measures now contemplated by the French Government involve the removal of the upper and lower gold limits now prescribed for the franc, in order to bring about the necessary readjustment.

An optimistic view of the French financial situation was taken by "The Times" to-day. It states editorially that, "The new Prime Minister has proclaimed that the French Government intends to continue the foreign policy pursued by its predecessors and will endeavour to widen the field of international co-operation. If the present difficulties of the franc are surmounted without awkward repercussions, it can only be done by the co-ordinating and stabilizing efforts of the three funds for the equalization of exchanges, British, French, and American. M. Georges Bonnet's experience in Washington should prove useful in helping him secure this co-operation."

The "Financial Times" declares, "With the assistance of the British and American exchange account with the firm framework of the tripartite agreement, the French, Franc should find its own level and bring exchanges into a new equilibrium."—Havas.

U.S. NATIONAL DEBT ESTIMATED

Washington, June 29.

President Roosevelt estimated today that the gross public debt would amount to $36,400,000,000 on July 1. The estimate was based, he said, on United States Treasury figures as of June 26, with calculations for the last four days of the 1936-37 fiscal year.—United Press.

Spanish Rebels May Win Rights As Belligerents

Possible Outcome of New Hitch Over Control

GLOOMY OUTLOOK

Italo-German Opposition Stiffening

SPECIAL TO THE "N.C.D.N."

London, June 30.

Although the situation remains grave so long as Germany and Italy oppose the Anglo-French proposals for reconstituting the naval observation scheme off Spain, British circles are satisfied that much of the non-intervention system remains.

There was no indication at yesterday's meeting of the Non-Intervention sub-committee that the German and Italian attitude goes beyond withdrawal from active participation in the control plan.

Although German and Italian observers have been advised to resign. German and Italian merchantmen bound for Spain will still submit to inspection at one of the international control ports, but it is uncertain how much longer the two nations will continue to accept this obligation.

Therefore, it is hoped that at the meeting of the Committee on Friday Germany and Italy will be able to define their position more clearly and will see their way to co-operate regarding the withdrawal of volunteers. —Reuter.

Belligerent Rights Bargain

London, June 30.

Britain may trade recognition of the Spanish Nationalists as a belligerent for German and Italian adherence to the non-intervention principle, authoritative sources revealed last night.

The Prime Minister, Mr. Neville Chamberlain, and the Foreign Secretary, Mr. Anthony Eden, met last evening and are reported to have come to that conclusion as the only way to avoid the complete collapse of non-intervention in Spain.

This would not necessarily imply diplomatic recognition, Havas' source specifies. Rome apparently believes that such recognition as a belligerent would give certain advantages to Gen. F. Franco and enable him to engage in naval operations against Spain's Mediterranean coast. Latest reports from Rome indicate Italy may then accept continuation of the non-intervention principle.

Portugal has meanwhile informed the British Foreign Office that she could not continue to grant facilities to the British control fleet along the Portuguese border so long as the control system remains undefined and incomplete.

Further, it has become more and more apparent that Germany and Italy will not accept the Anglo-French plan for joint patrol of the Spanish coast in place of the four-Power patrol and Germany's withdrawal.

After yesterday's meeting of the Non-Intervention Committee, some of the delegates said Herr von Ribbentrop's chief objection to the Anglo-French scheme was that neither government is represented at Burgos.

The scheme is doomed to failure, many believe, so that on Friday the Committee is expected to be compelled to proclaim the end of the non-intervention control and will ask Italy and Germany to make counter proposals. If they refuse, the Committee may be obliged to recognize the belligerency of both sides in Spain, and ask for a declaration of neutrality from all Powers.—Havas.

German Warships Returning

Berlin, June 30.

Besides the cruiser Leipzig, which has entered Kiel, four German torpedo boats, Seeadler, Albatros, Luchs and Leopard, are at present in the English Channel on their return trip from Spain to Kiel.—Havas.

Mr. Anthony Eden, the Foreign Secretary informed the House of Commons to-day that the British Government had expressed regret to Lisbon at Portugal's decision to withdraw facilities granted observers of the Portuguese-Spanish frontier. Portugal would observe her engagements on arms exports to Spain pending consideration by the Non-Intervention of the control scheme. If the former operation of the scheme were resumed, Portugal would restore her facilities to observers. These observers, said Mr. Eden, would therefore remain at their posts in readiness.—Reuter.

U.S. JEWRY SEEKS PALESTINE UNITY

Delegation for London to Plead Against Partition

London, June 30.

The Zionist organization in America has elected a delegation to proceed to London to present American Jewry's case against any proposal for the partition of Palestine which, it is feared, may be contained in the report of the Royal Commission.

Mr. Stephen Wise, who is the founder and Rabbi of the Free Synagogue of New York, will head the delegation.

The Commission report will be considered by the Cabinet to-day. Its recommendations, together with the British Government's views, will be submitted to the Mandates Commission of the League of Nations, as any change in status requires international ratification.

It is understood that the report makes important specific recommendations for a solution of the conflicting interests of Arabs and Jews.

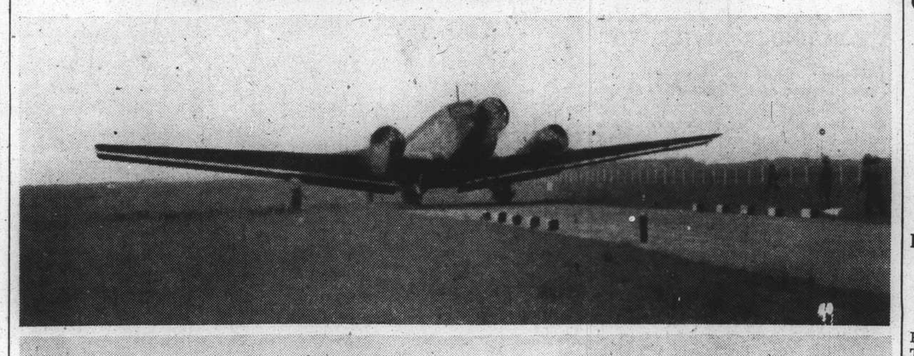
Political circles expect that the British Government will generally approve the report as the best means of an equitable settlement.—Reuter.

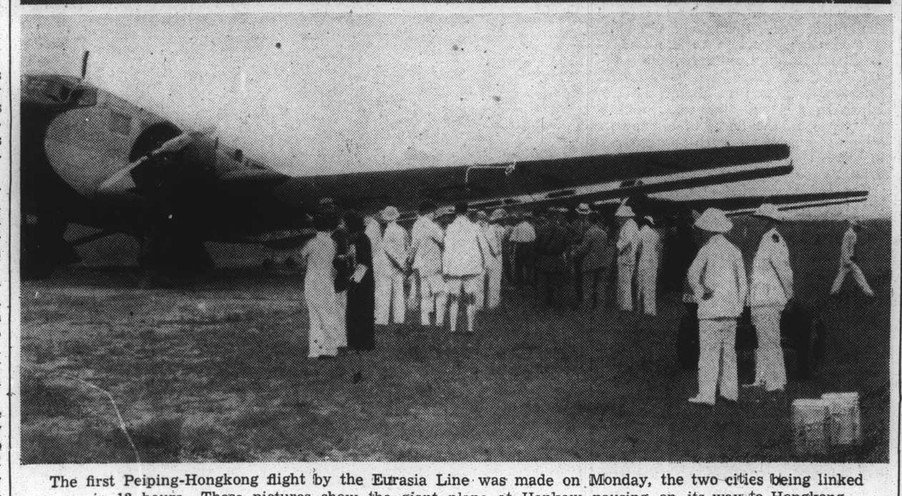
MRS. PUTNAM POSTPONES TAKE-OFF FROM LAE

Lae, New Guinea, June 30.

Mrs. Amelia Earhart Putnam, who is flying round the world via the Equator, postponed her take-off from here to-day on the first leg of her 5,000-mile over-water flight across the Pacific, because of her failure to receive weather reports fom Howland Island, her next destination. The delay will allow her a good rest here, which she said she wanted after landing here from Port Darwin yesterday.—United Press.

FIRST EURASIA FLIGHT FROM PEIPING TO HONGKONG





The first Peiping-Hongkong flight by the Eurasia Line was made on Monday, the two cities being linked up in 12 hours. These pictures show the giant plane at Hankow pausing on its way to Hongkong.

Britain's Navy Now Brought to High Efficiency

Vast Oil Reserves Ready: Gun Power Increased

SIR T. INSKIP INFORMS LONDON BUSINESSMEN

London, June 29.

Sir Thomas Inskip, the Minister for the Co-Ordination of Defence, addressing a gathering of over 1,000 business men in the City of London, made important references to the progress in Britain's rearmament programme and the Government's plans in case of national emergency.

He declared that the Navy's readiness for her task is much greater than it was twelve months ago. Vast resources of oil fuel have already been accumulated. Britain's battleships will be the best protected in the world. Her cruisers and destroyers, having regard to treaty limits, will provide the highest standards in power and efficiency of gun armament possible to-day.

Provision has been made to store some of the most important raw materials that would be required if an emergency should arise.

Considerable supplies of essential commodities are now available. Steps had been taken for increasing the food supplies of the country and for the supply and distribution of foodstuffs for the fighting and civil populations.

Sir Thomas said that of the 123 air squadrons formed at home since rearmament began, all but one would be up to full strength by the end of July. The Minister added "nothing we propose is intended for aggression. It is for defence."—Wireless through Reuter.

UNIONISTS RETAIN ILFORD

Mr. Geoffrey Hutchinson Wins By-Election

London, June 29.

The by-election at Ilford, caused by the retirement of the Conservative member, Sir George Hamilton, has resulted in another victory for the Conservative Party with the return of Mr. Geoffrey Hutchinson, who defeated his opponent, Mr. Percy Astins, Labour, by 9,319 votes.

Polling figures were:—

Mr. Geoffrey Hutchinson (U.) ..	25,533
Mr. Percy Astins (L.)	16,214

Result at the General Election:—

Sir George Hamilton (U.)	43,208
Mr. Percy Astins (L.)	25,241

—Reuter.

CANADIAN PREMIER VISITS FUEHRER

Germans Attach Importance to Meeting

SPECIAL TO THE "N.C.D.N."

Berlin, June 29.

The Germans have been most favourably impressed by the meeting between Mr. Mackenzie King, Minister of Canada, and Herr Adolf Hitler, which took place to-day.

Economic questions, particularly commercial relations between Germany and Canada, were discussed, as well as the general political situation.

The fact that the official "Diplomatische Korrespondenz," devoted its entire service to the subject to-night, proves the importance official quarters attach to the visit.—Reuter.

SIR ALAN COBHAM HURT IN PLANE CRASH

Southampton, June 29.

Sir Alan Cobham was slightly injured to-day when his plane crashed at North Stoneham while he was departing for a government luncheon on the anniversary of the inauguration of Empire air mail service.—United Press.

Pig Explodes at Wedding Feast at Gakovo

Belgrade, June 29.

A pig, roasting on a spit, exploded during a sumptuous peasant wedding in the village of Gakovo, showering a hail of sizzling meat over the wedding guests.

A terrified nine-year-old child ran into the stables to hide and was trodden to death by a horse excited by the explosion.

Police investigation revealed a cow's horn filled with gunpowder was stuffed in the pig's stomach.—Trans-Ocean.

Appointment of Col. Hornby as Chief of S.V.C.

Selection of Col. Graham's Successor Confirmed

SERVED IN SOMALILAND, EGYPT AND SUDAN

In reply to a letter sent by the Shanghai Municipal Council to the British War Office requesting the appointment of an officer to replace Col. F. R. W. Graham as Commandant of the Shanghai Volunteer Corps on expiry of his term of extended secondment on January 2, 1938, the following message has been received, "Subject to your approval the Army Council have selected Col. J. W. Hornby, M.C., at present on half pay, as Commandant, Shanghai Volunteer Corps, vice Col. Graham." This appointment was exclusively reported by the "North-China Daily News" London correspondent last Saturday.

Col. Hornby was born in 1887 and entered the Army as a Second Lieutenant on probation in 1906. He was promoted Lieutenant in 1909, Captain in 1917, Major in 1923, Lieut.-Colonel in 1931, and Colonel in 1935. He has served with the Camel Constabulary in Somaliland, the Egyptian Army, and the Sudan Defence Force.

The Municipal Council has approved the selection of the Army Council and arrangements will now be made for Col. Hornby's transfer to Shanghai. He will probably arrive towards the end of the year.

U.S. TO AID TRADE RECOVERY

M. van Zeeland Interviews American Leaders

Washington, June 29.

The United States was disposed to co-operate in the "joint work" of rebuilding international trade, solving monetary matters and effecting armaments reduction, declared a joint statement issued to-day by President Roosevelt and M. Paul van Zeeland.

The visiting Belgian Premier had an extremely busy day. He conferred again with Mr. Cordell Hull, Secretary of State, concerning world economic stabilization, interviewed Mr. Summer Welles, Assistant Secretary of State, and later had luncheon with the President. In the afternoon he conferred with Mr. Henry Morgenthau, Secretary of the Treasury, but no announcement was made regarding the subjects discussed.

In an official statement the Belgian Embassy said no definite proposal had been offered by either side, and nothing in the nature of a formal agreement was anticipated. It explained that the talks undertaken by M. van Zeeland were designed merely to give him a better understanding of the United States economic policy.

After his talk with Mr. Morgenthau, the Belgian Premier declared that the discussion was satisfactory.—Reuter.

"N.-C.D.N." CORONATION MEMORIAL FUND

Previously acknowledged	$96,458.54
"Protestant"	25.00
Shanghai Gas Co., Ltd.	500.00
	$96,983.54

Soviet Gunboat Sinks In Clash On Amur River

Japanese-Manchu Troops Return Fire

TENSION FLARES AFTER DIPLOMATIC PARLEYS

Changchun, June 30.

War clouds hovered menacingly low over the strife-ridden Amur River border zone to-night after a sharp encounter between Soviet gunboats and Japanese and Manchoukuo troops.

One Soviet vessel was sunk and another disabled in the combat at about 3 o'clock this afternoon, a Kwantung Army communique said. This was less than 24 hours after the Soviet Foreign Commissar, M. Maxim Litvinov, had unconditionally promised the Japanese Ambassador, Mr. Mamoru Shigemitsu, in Moscow, that Soviet troops holding the two Amur River islands would be withdrawn.

According to the Kwantung Army, three Soviet gunboats steamed into the channel south of Sennuha Island, about fifteen kilometers upstream from Chike, and opened fire on the positions held by Japanese and Manchoukuo forces on the southern bank of the river.

"Our forces," the communique said, "were compelled to return fire as a result of which one of the vessels was sunk, another was seriously damaged, and the third fled."

New Protests Filed

The Japanese and the Manchoukuo governments immediately filed protests with the Soviet authorities against this "invasion of Manchoukuo waters," the communique added.

The number of casualties and other details regarding the clash were unavailable here this evening.

According to border experts, the vessels involved were believed to be armoured light draft launches armed with machine-guns and light cannon.

Official Moscow dispatches reaching the Japanese Foreign Office to-day said that the Soviet Government had agreed to restore the *status quo ante* on the Bolshoi and Sennuha islands by withdrawing Soviet troops entrenched there since June 22. Soviet troops concentrations nearby would also be dispersed. M. Litvinov, a Gaimusho spokesman revealed to-day, also expressed his Government's wish that the Tokyo authorities would take steps for the alleviation of the tense situation along the border river and the Japanese Government regarded M. Litvinov's reply as satisfactory and intended to take steps as desired by Moscow.

Antecedents of Claims

Both Bolshoi and Sennuha Islands, also known respectively as Chinam and Kanohaz, are located midstream in the Amur River. Manchoukuo authorities contend that both lie south of the international waterway demarcating the Soviet-Manchoukuo frontier. The Soviets recognized this border at the Blagoveschensk waterways conference which arrived at a technical agreement whereby the Soviets maintain the lighthouses north of the international waterway and Manchoukuo looks after those south of the channel.

The lighthouse keeper on Sennuha Island was driven away by Soviet troopers in the morning of June 19 while another group of about fifty Soviet soldiers forced Manchurian placer miners on Bolshoi Island to withdraw, according to official reports.

About forty Soviet border guards were subsequently transported to Sennuha from Pojarkovo, Soviet town on the northern banks of the river, while another detachment of about twenty men took over Bolshoi on June 22, these reports added.—Domei.

U.S. SENATE RATIFIES EIGHT TREATIES

Washington, June 29.

The Senate to-day, without debate, ratified eight treaties adopted by the Pan-American Conference at Buenos Aires.—Reuter.

U.S. Steel Men Blow Up Water Mains of Plant

Johnstown Mayor Orders Plotters to Leave

DEATH TOLL MOUNTS AS TENSION CONTINUES

Washington, June 29.

Before conferring to-day with President Roosevelt, Mr. Charles P. Taft, chairman of the Federal mediation board, said his group would recommend to the Secretary of Labour that a conference of steel operators and strikers be held as the best means of allaying suspicion. The Board's report would be made public to-morrow. The Secretary of Labour, Miss Frances Perkins, informed the press to-day that she was studying further possibilities of mediation.

President Roosevelt at his press conference to-day said he believed most Americans were discussing the present steel strike in an attitude of "a plague on both your houses." He did not reveal whether he was contemplating intervention. — United Press.

Inland Steel Co. Peace

Cleveland, June 29.

The Inland Steel Co., to-day accepted a proposal of the Governor, Mr. Martin L. Davey, for a temporary agreement for a peaceful settlement of the strike in its Indianapolis plants.

Leaders of the Committee for Industrial Organization, which is leading the steel strike in seven states, indicated they would reject the proposal as it contains no provision for a signed contract, which they said was the sole immediate issue of the strike.

The temporary agreement would provide that 20,000 employees of the company's Indianapolis plants return to work immediately pending hearing before the National Labour Relations Board. The company would agree not to discriminate against former strikers or union members.

Despite the C.I.O. refusal, the Inland Co. announced that it would open its plants at Indiana Harbor on Thursday morning.

The C.I.O. condemned violence on the picket lines to-night as the thirteenth life was lost in the seven state steel strike.

All along the strike front, however, there were charges of violence, kidnappings, bombings and dynamiting of the property of the nation's leading independent steel producers —United Press.

Bombing Plot Revealed

Johnstown, Pa., June 29.

Headed by the Mayor, Mr. Daniel Shields, the City Council to-day notified two steel strike leaders, James Mark and C. W. Jones, that the city could not be responsible for their safety unless they "peacefully withdraw from the community." This followed two mysterious explosions in the mountains outside the city yesterday which severed the major water supply of the Bethlehem Steel Co. and forced suspension of operations in the company's Cambria plant.

The City Council later ejected Mr. Mark's attorney when he attempted to protest against the city's action. Union leaders telephoned a protest to the Governor and advised Mr. John L. Lewis, chairman of the C.I.O., of the Council's action.

The explosions here yesterday followed the discovery of an alleged bombing plot of union leaders at Warren, Ohio, where three men under arrest were said to have confessed to the attempted destruction of a railway bridge. Warren police later issued a warrant for the arrest of Mr. Gus Hall, C.I.O. organizer, charging him with illegal possession of nitroglycerin. Police said Hall and five other union men had planned a series of explosions on and near the property of the Republic Steel Co.

The attempt to blow up the railway bridge was interrupted by National Guardsmen. One man under arrest at Warren was injured when the union men attempted to dispose of the explosive by throwing it from their speeding car.—United Press.

Death Threats at Youngstown

Youngstown, O., June 29.

Four union leaders were under arrest here to-day and police were seeking several others on a complaint filed by an employee of the Youngstown Sheet and Tube Co. alleging he had been forced to sign a union card at headquarters of the Committee for Industrial Organization "in order to get out alive."—United Press.

C.I.O. Strikers Arrested

New Haven, Conn., June 29.

Police to-day arrested five C.I.O. strikers after they had severely beaten a plant superintendent and two others while attempting to force their way in the Duro-Gloss rubber plant here.—United Press.

Death Toll Mounts

Beaver Falls, Pa., June 29.

The death toll mounted to thirteen to-day when George Mike, a picket at the Moltrup Steel Co. plant, died of injuries suffered in a recent riot here.—United Press.

Building Strike Near

San Francisco, June 29.

A threatened strike of 4,000 elevator operators and starters, engineers and janitors in San Francisco's major office buildings drew near today when the Building Owners and Managers Association declined to submit to the Mayor, Mr. Angello Rossi, a list of buildings which the Association represent.—United Press.

Companies Buy Arms

Chicago, June 29.

Mr. F. A. Alexander, a salesman for the American Munitions Co., testified before the National Labour Relations Board hearing to-day that the Inland Steel Co. had purchased ten 12-gauge shot-guns and 250 shells loaded with rock salt four days before the inception of the present steel strike. After the outbreak of the strike, he said, he conferred with company officials regarding the purchase of tear gas bombs and other forms of chemicals.—United Press.

U.S. RAILWAYS LOAN TO CHINA UNDERWRITTEN

R.F.C. to Finance Half of $1,500,000 Sale

MORE CREDITS LIKELY

Dr. H. H. Kung Declares Specific Needs

Washington, June 29.

Mr. Jesse Jones, chairman of the Reconstruction Finance Corporation, announced to-day that the Export-Import Bank, an R.F.C. subsidiary, had agreed to finance one-half the price of a $1,500,000 sale of twenty locomotives to China.

Orders for ten locomotives each have been placed with the Baldwin Locomotive Co., and the American Locomotive Co. They will be the first completely American-built locomotives to be sold to China, and will be operated on Chinese Government lines.

Mr. Jones said that Dr. H. H. Kung, Chinese Minister of Finance, was negotiating other credits, but that the total had not yet been determined because the Chinese Government had not decided on the precise equipment desired.

Mr. Jones said he believed that additional railway equipment and also textile and paper manufacturing machinery were considered. The Export-Import Bank, he said, does not hesitate to extend credits to China because that country has regularly and promptly lived up to every financial agreement with the United States to the letter. He said about $13,000,000 worth of China credits made in recent years were still outstanding.

Dr. Kung's Statement

Dr. H. H. Kung revealed to-day that China is desirous of obtaining foreign funds to finance internal loans which at present carry an interest rate of eight per cent. In addition, he said China is interested in commercial credits abroad for "installment buying" of specific commodities. China is not interested in foreign loans for new purposes, he pointed out.

Dr. Kung made this statement after he had been received by President Roosevelt at the White House. He and the President chatted for ten minutes. Mr. Roosevelt announced that he would again receive Dr. Kung next week, possibly on Tuesday, after his own return from his son's wedding and after Dr. Kung's return from Oberlin College.

Dr. Kung explained that China wished to avoid a consortium loan. He said that China customs receipts showed a surplus of Ch.$150,000,000 each year after payment of foreign loans installments and guaranteed on all outstanding foreign loans.

Conversion Scheme Hopes

"It is possible that China would be interested in a conversion scheme by which present interest amounting to about eight per cent. and $2,000,000,000 Chinese currency would be reduced to four per cent., saving about $80,000,000 which might be used for reconstruction purposes," he asserted.

His conversation with the President was general, Dr. Kung reported. He conveyed his respects to the President as a friend, and thanked him for American co-operation in China's currency crisis. He was unable to state precisely the nature of his conversations with the Secretary of State, Mr. Cordell Hull, and the Secretary of the Treasury, Mr. Henry Morgenthau, except to say that the subjects were the common interests of China and the United States.

The Chinese Minister of Finance said he did not intend to raise the silver question while here. China, he pointed out, had large deposits in United States banks since making silver sales to the United States, but that bankers did not pay interest on the amounts.

The situation, he said, demonstrated that there were vast amounts of capital the owners of which were seeking profitable investment opportunities. He said some owners would probably be glad to obtain four per cent. interest from a China conversion loan, instead of nothing, particularly in view of the fact that China's credit was firmly re-established.

Dr. Kung said China's projected five-year economic plan was designed to include enlarged domestic manufactures, reducing the nation's dependence on imports.

For the economic and industrial development of China, Dr. Kung said, "we need scientific knowledge, technical skill and capital. Following the teachings of Dr. Sun Yat-sen, we welcome foreign co-operation. We want to develop China's vast resources, not only for China but also for the world."

Democratic Neighbours

"Your country is in a uniquely advantageous position vis-a-vis China," he said. "First of all, the two countries have an unbroken record of traditional friendship. Secondly, they are neighbours across the Pacific. Both have the same ideals of democracy. Therefore, all co-operative undertakings in harmony can be reasonably assured. If your people are willing to invest some of their surplus capital in China, we can assure security. Our successful currency reforms have produced salutary results in the economic life of the nation. We have been especially favourably assisted in international trade through the stabilization of the Chinese dollar."

Dr. Kung was the guest at luncheon to-day of the Intercontinent Corportion. He was the guest at dinner of the Secretary of the Treasury, Mr. Henry Morgenthau, Dr. P. W. Kuo, director of the Bureau of Foreign Trade, to-day conferred with Mr. Wayne Taylor, Assistant Secretary of the Treasury, but insisted that the visit was merely "a friendly call."—United Press.